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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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1. Iran
2. Mideast

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Key stories in the media:  
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Ha'aretz quoted senior PA officials as saying that a victory by Transportation Minister Shaul Mofaz in next month's Kadima Party leadership race would be a disaster for the peace process. The

officials were quoted as saying that an American-Palestinian plan for the continuation of the process is based on FM Tzipi Livni winning the primary. A Mofaz victory, in contrast, would send the talks into a deep freeze, given his hawkish views on them. Ha'aretz reported that Mofaz told his first formal campaign rally yesterday that as prime minister, he would "preserve united Jerusalem as Israel's eternal capital." To that, a senior PA official responded: "God have mercy" on the final-status talks if Mofaz wins the primary. Ha'aretz reported that Mofaz told the newspaper that as prime minister, he will handle the talks with the Palestinians. Media reported that Shas mentor Rabbi Ovadia Yosef received Mofaz yesterday. Media reported that Industry, Trade, and Labor Minister Eli Yishai told Mofaz that child subsidies are the condition for his party joining any future government. Maariv quoted Mofaz as saying that Livni has a team that is "out to get him," which Livni denied.

Ha'aretz quoted Palestinian sources as saying that today PA President Mahmoud Abbas wants to hear PM Ehud Olmert's views on continuing the talks, given his declared intention of resigning after the primary. The PA would like the talks to continue during the transition period, especially because of the likelihood that Olmert will remain in power for some time after the September 17 primary, possibly even until new elections in early 2009. Ha'aretz quoted a senior Israeli official as saying that Olmert intends to continue the talks in their current format, but "we are growing reconciled to the fact that there will be no breakthrough. Mainly, we want to see how we can pass a live diplomatic process on to the next U.S. administration and the next Israeli government." Ha'aretz reported that Olmert himself has indicated that he wants to make progress in the talks, but that Livni has some reservations. At a meeting in New York with UN Secretary-General Ban Ki-moon last week, she even hinted that given his political situation, Olmert has lost the legitimacy to make far-reaching concessions. However, she added, "The Israeli public can continue to support the process as long as it gives expression to the state's interests." The PA would also like Olmert to promise at today's meeting that in his remaining months, he will prevent Israeli construction in the West Bank and East Jerusalem.

Ha'aretz reported that a senior IAF officer told the newspaper yesterday that if Hizbullah installs advanced anti-aircraft batteries in Lebanon, the IAF will have to alter its overflights of Lebanon significantly. However, the officer added that the IAF has successfully coped with similar threats elsewhere, and could do so in Lebanon as well. Ha'aretz reported that senior government and army officials have recently held feverish discussions on this scenario. Some of those involved have termed the installation of anti-aircraft batteries a "red line" to which Israel would have to respond with a "violent signal." Senior General Staff officers opined recently that while Hizbullah clearly wants such missiles eventually, they doubt it is interested in heating up its conflict with Israel just now. Leading media reported that the diplomatic-security cabinet met today to discuss the situation in Lebanon, and especially Hizbullah's rampant arms-smuggling via Syria. Israel Radio reported that defense experts told the forum that Hizbullah is more dangerous than Iran. The Foreign Ministry plans to recommend that Israel seek to increase international pressure on Syria to halt this smuggling. Israel Radio reported that three weeks ago an Israeli Arab studying medicine in Germany was arrested at Ben-Gurion Airport under suspicion of spying for Hizbullah, to which he supplied the names of Israeli Arabs studying abroad so that they can be recruited into the organization.

The Jerusalem Post reported that Israel expects that a fourth round of UN sanctions against Iran likely won't be in place until the beginning of 2009, but that further unilateral U.S. and EU measures could be imposed as early as next month. The assessment comes as the five permanent members of the UN Security Council and Germany threatened further sanctions against Iran.

Major media reported that the IAF's Air Defense Forces have acquired a new optical system -- "Sniper" -- capable of spotting aircraft from over 70 kilometers away. Ha'aretz reported that yesterday the IAF unveiled prototypes of the missile that will form the basis of two planned rocket interception systems -- Iron Dome and David's Sling. Israel Hayom reported that two additional Arrow missile defense systems will soon be installed in southern Israel. Leading media quoted the commander of the IAF's Air Defense Forces, Brig.

Gen. Daniel Milo, as saying yesterday that Israel has an effective response to all of the ballistic missile threat it faces in the Middle East.

All media reported that Olmert will be questioned by police, under caution, at his official residence in Jerusalem on Friday, for the fifth time in recent weeks. The questions are expected to center around the "Olmert tours" and the Morris Talansky cash envelopes affair.

Writing about the revocation of U.S. visas for four students from Gaza, Ha'aretz reported on delays at the border crossings and cited misunderstandings between Israeli and U.S. authorities. The Jerusalem Post reported that neither the Prime Minister's Office nor the Foreign Ministry had any official comment on the U.S. reversal.

The Jerusalem Post reported that Secretary of State Condoleezza Rice is expected to visit the region in two weeks.

Ha'aretz reported that the IDF and the police will increase their presence on several traffic arteries in the West Bank in the coming days in the wake of alleged incidents perpetrated by right-wing Israeli activists against local Palestinians. The Jerusalem Post quoted left-wing activists as saying yesterday that security forces are trying to ban them from the West Bank.

Ha'aretz cited the London-based Al-Quds Al-Arabi as saying that recent meetings between Jordanian and Hamas officials have opened the door to restoring relations that have been strained for two years.

The Jerusalem Post reported that Israel has successfully completed the first stage of the accession procedure for becoming a member of the Organization of Economic Cooperation and Development.

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11. Iran:  
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Summary:  
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Intelligence affairs correspondent Yossi Melman wrote in the independent, left-leaning Ha'aretz: "Iran evidently understands that the threat of the military option that the United States and Israel keep bandying about cannot actually, at least in the present reality, be implemented."

Block Quotes:  
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"Transparent Endgame"

Intelligence affairs correspondent Yossi Melman wrote in the independent, left-leaning Ha'aretz (8/6): "Iran's evasive reply to the yes/no question posed to it shows once again that Tehran's entire purpose is to buy time. Iran does not want -- or is incapable because of conflicts among its power brokers -- to respond in the affirmative and enter talks with the international community even over the compromising, soft pedaled, mollifying offer Javier Solana made them.... Iran's game is transparent, and its entire purpose is to fend off and delay any move that smacks of international consensus. It wants to use the time to go on developing its nuclear program -- to continue enriching uranium, manufacturing and installing more centrifuges -- and approach the moment when it will possess enough fissionable material, equipment, expertise, and technology to build its first nuclear bomb, or come within shouting distance of that goal. Iran evidently understands that the threat of the military option that the United States and Israel keep bandying about cannot actually, at least in the present reality, be implemented."

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12. Mideast:  
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Summary:

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Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in the independent, left-leaning Ha'aretz: "For Syria, [the international border with Israel] is imperialist and completely illegitimate. This is not a fine distinction of international law, but a cornerstone of Syria's historical narrative."

Arab affairs correspondent Smadar Perry wrote in the mass-circulation, pluralist Yediot Aharonot: "This will be a peace treaty with a travel warning attached: Who will guarantee the Israelis' safety?"

Conservative columnist Menachem Ben wrote in the popular, pluralist Maariv: "Netanyahu does not have the moral right to declare that he will not join a Mofaz-led coalition, if and when he is elected leader of Kadima. This would mean abandoning Israel, no less, to the good will of withdrawal fans on the Left."

Block Quotes:  
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#### I. "Only the June 4 Lines"

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in the independent, left-leaning Ha'aretz (8/6): "Periodically, Israelis can be heard saying that the difference between the Israeli and Syrian positions on the territorial issue boils down to 'a few kilometers.' That is admittedly true, but it misses the point..... Syria is insisting on the 'June 4 lines': It is not just a territorial issue. Israel's willingness to withdraw to the international border is based on its view that the Mandatory border between Syria and the Land of Israel was legitimate. But for Syria, this is an imperialist border and completely illegitimate. This is not a fine distinction of international law, but a cornerstone of Syria's historical narrative. It may be possible to overcome these two sets of difficulties. But this possibility depends on Syria's willingness both to significantly expand the range of issues it deems legitimate for discussion in the bilateral negotiations, and to deviate from a fundamental principle of its core ideological worldview. Clearly, these are not marginal issues, and anyone who presents them as such to the public is mistaken and misleading -- whether wittingly or unwittingly."

#### II. "A Heavy Syrian Hint"

Arab affairs correspondent Smadar Perry wrote in the mass-circulation, pluralist Yediot Aharonot (8/6): "There is one lesson that Israel can learn from the [recent] assassinations [in Syria]: Let's assume the Prime Minister Olmert succeeds in completing his terms with a 'historic' peace accord with Syria. Let's assume that the secret negotiations pick up momentum and Syria pledges to make peace, including normalization. The ceremony will be impressive -- peace not so. Let's also assume that Israeli pressure works and Syria opens an embassy in Tel Aviv, that Israeli diplomats sit in Damascus, and that the business community rushes into finding opportunities (there are many!) in Syria. This will be a peace treaty with a travel warning attached: Who will guarantee the Israelis' safety? Who will be able to sleep in a Damascus hotel with being shot in the head at night. Beware of glowing embers in Damascus, one of my Beirut friends said, after he lost his two best friends to Syrian intelligence sharpshooters' fire."

#### III. "Mofaz Will Do Netanyahu's Job"

Conservative columnist Menachem Ben wrote in the popular, pluralist Maariv (8/6): "Given the threats of war, Israel must build a deterrent iron wall -- clear military and diplomatic preparedness to withstand all of its enemies.... [With all the concessions] that Olmert was apparently planning, we'll find ourselves constantly threatened by Arab war signals. This is the basic notion that both Mofaz and Netanyahu understand. Thus, Netanyahu does not have the moral right to declare that he will not join a Mofaz-led coalition, if and when he is elected leader of Kadima. This would mean abandoning Israel, no less, to the good will of withdrawal fans on the Left, from Tzipi Livni to Yossi Beilin.... Even if Netanyahu

finds it hard to give up the premiership dream right now, he must do so and join Mofaz, if and when the latter is elected Kadima chairman -- which all polls and reports from the field view as entirely feasible."

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